



Austin City Council MINUTES

For EMERGENCY SPECIAL CALLED MEETING
FEBRUARY 8, 1984 - 6:30 P.M.
3RD FLOOR CONFERENCE ROOM - MUNICIPAL BUILDING
Council Chambers, 307 West Second Street, Austin, Texas

City Council

Ron Mullen
Mayor

John Treviño, Jr.
Mayor Pro Tem

Council Members
Mark Rose
Roger Duncan
Sally Shipman
Mark E. Spaeth
Charles E. Urdy

Jorge Carrasco
City Manager

Elden Aldridge
City Clerk

Memorandum To:

Mayor Mullen called the meeting to order, noting the presence of all Councilmembers.

Mayor Mullen stated that the purpose of the meeting was as follows:

- A. Discussion of financing alternatives for continued funding of South Texas Project.
- B. EXECUTIVE SESSION

The City Council will announce that during the meeting the Council will convene in a closed or executive session authorized by Article 6252-17, Texas Revised Civil Statutes Annotated, to discuss the following:

1. Contemplated litigation with regard to the various funding alternatives related to South Texas Project, Section 2, Paragraph e.
2. Contemplated litigation with regard to a bond validation suit, Section 2, Paragraph e.

After such closed or executive session, any final action, decision or vote with regard to any matter considered in the closed or executive session shall be made in open session should such action, decision or vote be necessary.

- C. Consider a financing alternative for South Texas Project.

Frank Rodriguez, Administrator of Management Services, outlined for the Council options which were available for the City to meet its continuing weekly progress payments for the South Texas Project. Mr. Rodriguez responded to questions from the Council regarding the options.

Mr. Rick Porter, with McCall, Parkhurst and Horton and Mr. Jim Gilley, with First Southwest Company, also responded to questions from the Council.

Executive Session

Mayor Mullen announced that the Council would go into Executive Session pursuant to Article 6252-17, Texas Revised Civil Statutes Annotated, to discuss the following:

1. Contemplated litigation with regard to the various funding alternatives related to South Texas Project, Section 2, Paragraph e.
2. Contemplated litigation with regard to a bond validation suit, Section 2, Paragraph e.

The Council went into Executive Session at 7:25 p.m., and resumed its public meeting in open session at 9:57 p.m.

City Manager Jorge Carrasco presented the following recommendations: (See recommendations on the following page)

Motion

After further discussion by the Council, Mayor Pro Tem Trevino moved that the recommendations of the City Manager be accepted. The motion, seconded by Councilmember Spaeth, carried by a 7-0 Vote.

Adjournment

The Council adjourned at 11:00 p.m.

CITY MANAGER'S RECOMMENDATIONS
SOUTH TEXAS NUCLEAR PROJECT

Mayor and members of the Council, I'd like to present a recommendation on a course of action that I think will enable the City to not only meet a continuing obligation-- financing obligations on the South Texas Nuclear Project-- but also make sure that the City is able to meet its obligations on the South Texas Project participation agreement. And I would like to outline what that course of action would be.

First, I feel the City should clarify the provisions of State law and the City Charter concerning the legality, validity and the authority of the City to issue revenue bonds, and accordingly, I would recommend that in order to accomplish this the City should commence procedures immediately to have validated in District Court the City's revenue bonds in amounts sufficient to satisfy the remaining progress payments anticipated on the South Texas Nuclear Project.

In the event that the validation process were not successful, I also recommend that the City take immediate steps to have a rate increase in place to take effect April 30, 1984 as a last resort for funding progress payments. Such course of action would only be required in the event that the validation process were unsuccessful.

A third course of action that I am recommending this evening is that we petition the Public Utility Commission to review several issues not limited to, but including the following:

A technical and economic viability of the South Texas Project.

And second the feasibility of conversion to a coal-fired plant. In conjunction with that last item in our recommendation, I would like to point out a number of factors.

One, is that we ask our participants to join us in this effort.

Two, that any proceeding before the PUC be separate from any rate proceeding affecting Houston Lighting and Power or any other participant in the South Texas Nuclear Project.

And finally, I want to reiterate that the recommended course of action is intended to not only meet the City's obligations with respect to continued financing of our progress payments on the project, but also to assure that we meet our obligations to our partners under the City's participation agreement.